Placer Development Limited
Annual Report 1979

Placer Development Limited

Directors

James C. Dudley, New York, U.S.A.,
Private Financial Consultant.

[1,2]Ross G. Duthie, Vancouver, Canada,
President and Chief Executive Officer.

E. Jack Eldridge, Sydney, Australia,
Chairman, Placer Exploration Limited.

Donald R. Getty, Edmonton, Canada,
President, D. Getty Investments Ltd.

William James, Toronto, Canada,
Executive Vice-President,
Noranda Mines Limited.

[1]Thomas H. McClelland, Vancouver, Canada,
Chairman of the Board.

[1]Alfred Powis, Toronto, Canada,
Chairman, President and Chief Executive Officer,
Noranda Mines Limited.

[2]J. Ernest Richardson, Vancouver, Canada,
Chairman, [3]MacMillan Bloedel Limited.

[2]P. Ritchie Sandwell, Vancouver, Canada,
Chairman of the Board,
[4]Sandwell & Company Limited.

Vernon F. Taylor, Jr., Denver, U.S.A.,
President, Westhoma Oil Company.

[1,2]H. Richard Whittall, Vancouver, Canada,
Deputy Managing Partner,
Richardson Securities of Canada.

[1]*Member of the Executive Committee*
[2]*Member of the Audit Committee*
[3]*Forest Products Company*
[4]*Consulting Engineers*

Directors Emeritus

Albert E. Gazzard, Vancouver, Canada
John D. Simpson, Vancouver, Canada

The Company

Placer is a Canadian company, incorporated in the Province of British Columbia, whose business is primarily exploration, development and production of hard minerals, petroleum and natural gas. Canadians hold 76.4% of the issued shares, 12.3% are held in Australasia and 11.3% are held in the United States and other countries.

Officers

Thomas H. McClelland, *Chairman of the Board*
Ross G. Duthie, *President and Chief Executive Officer*
James L. McPherson, *Senior Vice-President*
Lawrence Adie, *Vice-President, Exploration*
John A. Butterfield, *Vice-President, Marketing*
James H. Eastman, *Vice-President, Project Developments*
Lory C. Fairfield II, *Vice-President, Personnel and Industrial Relations*
John M. McConville, *Vice-President, Administration and General Counsel*
Robert Needham, *Vice-President, Australasian Operations*
Anthony J. Petrina, *Vice-President, Operations*
Donald Hallam, *Secretary*
John Racich, *Treasurer*
Howard F. Gougeon, *Comptroller*
David Michaelis, *Sydney Secretary*

Annual General Meeting

The Annual General Meeting of Shareholders of the Company will be held on Tuesday, May 6, 1980 at 12:00 Noon in the Regency Centre Ballroom at the Hyatt Regency Hotel, Vancouver, British Columbia.

Valuation Day Price

On December 22, 1971, established as valuation day by the Canadian Department of National Revenue, the price of the Company's Common Shares was $12.75 per share (adjusted from $25.50 following the share split in 1973).

Cover

Steel skeleton of the primary crusher building is starkly silhouetted against a late autumn sky at the Equity Silver Mine construction site in central British Columbia.

Comparative Highlights

	1979	1978
Operating Summary		
Revenues	**$307,511,000**	$179,133,000
Equity in after-tax earnings of associated companies	**19,641,000**	14,191,000
Earnings before extraordinary items	**74,528,000**	26,209,000
Net earnings	**113,116,000**	20,184,000
Exploration expense	**17,674,000**	12,106,000
Financial Status		
Working capital	**$ 50,045,000**	$ 60,987,000
Property, plant and equipment additions	**92,234,000**	32,819,000
Shareholders' equity	**322,048,000**	231,901,000
Total assets	**549,763,000**	377,346,000
Per Common Share		
Earnings before extraordinary items	**$ 6.19**	$ 2.17
Net earnings	**9.37**	1.67
Dividends paid	**1.25**	0.90
Book value	**27.33**	19.16
Statistical Data		
Common shares outstanding	**12,132,048**	12,104,808
Number of employees	**2,507**	2,389
Number of shareholders	**4,908**	5,088

Contents

Metrication

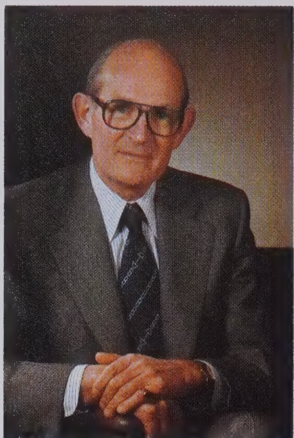
The Canadian mining industry is converting to the International System of Metric Units or "S.I." in 1980. The figures in this report are in metric units and a conversion table has been included below for reference.

Metric unit	Symbol	Imperial unit	Other unit
tonne	t	2,204.6 pounds	
kilogram	kg	2.2046 pounds	.029 flasks
gram	g	0.03215 troy ounces	
cubic metre	m^3	35.3147 cubic ft.	6.2929 barrels
kilometre	km	0.6214 miles	
hectare	ha	2.471 acres	

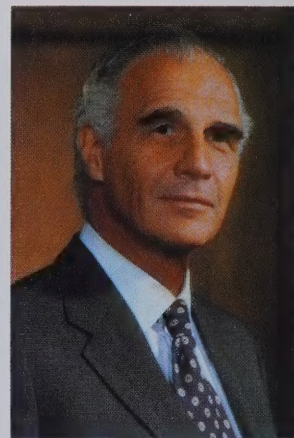
Directors — Placer Development Limited

THOMAS H. McCLELLAND
Chairman of the Board

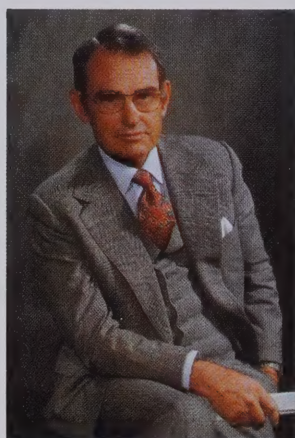
ROSS G. DUTHIE
President and Chief Executive Officer



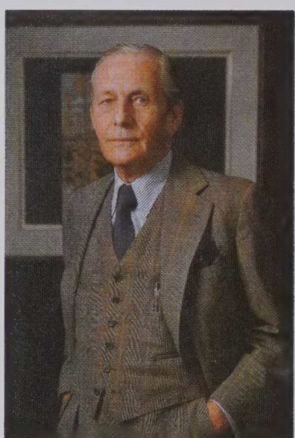
H. RICHARD WHITTALL



VERNON F. TAYLOR, JR.



JAMES C. DUDLEY

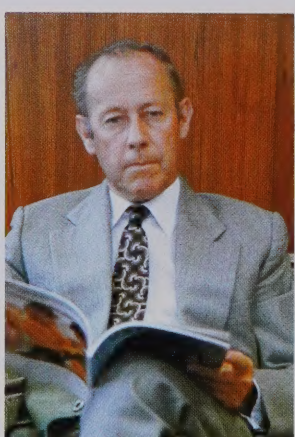


J. ERNEST RICHARDSON

ALFRED POWIS

P. RITCHIE SANDWELL

WILLIAM JAMES



E. JACK ELDRIDGE

DONALD R. GETTY

Directors' Report to the Shareholders

Placer's earnings during the 12 months ended December 31, 1979 were the highest in our history. Consolidated earnings for the year ended December 31, 1979 were $74,528,000 or $6.19 per share before an extraordinary item of $38,588,000. Consolidated net earnings, including the extraordinary item, were $113,116,000 or $9.37 per share. In 1978 consolidated net earnings were $20,184,000 or $1.67 per share including two extraordinary items which reduced earnings from $26,209,000 or $2.17 per share.

The extraordinary item in 1979 resulted from the exchange of our 27.1% interest in Mattagami Lake Mines Limited for a 5.5% interest in Noranda Mines Limited. The gain is a non-cash adjustment, representing the difference between the value of the Mattagami shares on our balance sheet and the market price of the Noranda shares on March 29 when Noranda completed its exchange offer.

Demand for our principal products and rising prices in 1979 reflected continued strength in industrial economies around the world. The recession which was expected in many quarters did not develop sufficiently to influence Placer or its group of companies in 1979. As a result, prices for our two principal products improved; molybdenum made the most significant contribution to our earnings and was followed by copper. We also benefitted from the lower value of the Canadian dollar relative to the United States dollar in which currency most of our international sales are negotiated.

The Endako mine, our principal producer of molybdenum, was affected by a strike for eight and one half months, but continued producing at reduced capacity during this period. The lower volume of production was sold at substantially above the prevailing producer price with the result that our revenues from molybdenum continued at near pre-strike levels. The strike was settled on November 1 and production was approaching normal levels by year-end.

An opportunity to increase our investment in Noranda Mines Limited arose in November and we concluded that the step would be a profitable one for the Company. We contributed the 4,789,536 Noranda shares which had been received previously in exchange for our Mattagami shares and paid $40,000,000, of which $30,000,000 was borrowed, to acquire a 36.3% interest in Zinor Holdings Limited. Zinor held 23,980,202 Noranda shares representing 23.6% of the issued shares at December 31, 1979. In February, 1980, as a result of the issuance of additional shares by Noranda, this interest was reduced to 21.3%. Our investment is being accounted for on an equity accounting basis. Our interest in Noranda rose from a direct 5.5% ownership to 7.7% through Zinor. The average price at which Zinor's interest in Noranda was acquired was $16.34 per share. Noranda is a highly diversified Canadian natural resource corporation which in 1979 reported net earnings of $4.70 per share (1978 — $1.91).

Some Noranda shares held by Zinor were purchased with bank loans amounting to $95,000,000. In February, 1980 these loans were retired by funds provided pro rata by the Zinor shareholders. Placer's portion of $34,500,000 was borrowed from two banks.

Craigmont Mines Limited and Marcopper Mining Corporation benefitted from improved metal prices and reported improved earnings. In 1979, Placer received dividends amounting to $13,123,000 from its associated companies.

Placer CEGO Petroleum Limited of Calgary increased production and exploration activities for oil and gas in western Canada and is preparing a report on suitable areas for offshore exploration in the Philippines.

Our Australian subsidiary, Placer Exploration Limited, reported a loss of $5,197,000 due mainly to cost overruns on major contracts of Fox Manufacturing Company. Placer Exploration is continuing to seek a buyer for its 50% interest in Northern Cattle Company. A portion of the cattle company's properties was sold early in 1980.

Our long-term debt and bank financing at year-end amounted to $89,556,000, a net increase of $26,302,000 from 1978. The additional funds were used primarily to purchase the interest in Zinor. Since year-end we have utilized a total of $53,212,000 from lines of credit available to us.

Four regular quarterly dividends of $0.25 per share and an extra dividend of $0.25 were declared for a total of $1.25 per share in 1979. Your Directors' objectives are to provide a return to you on your investment while ensuring that the Company's ability to pursue opportunities for investment and growth is maintained.

Capital Projects

Development of the Equity Silver mine near Houston is proceeding with production of a leached concentrate expected to commence in the first half of 1981. The cost of developing and equipping the property for production was initially estimated at $85,000,000. Current estimates indicate that the cost will be close to $107,000,000. After construction was underway, it became necessary to substantially redesign the leaching process. Design and construction of these facilities was delayed pending the results of laboratory tests and investigations of suitable equipment. Additional modifications may be necessary after start-up and some delays may occur in achieving full operation.

The $34,500,000 development of the Gibraltar East pit for Stage II mining is nearing completion with the transfer of operations from the Pollyanna pit scheduled to begin in the second quarter of 1980.

At Endako, the following projects which had been delayed by the strike are underway:

— expansion of the rougher flotation circuit at an estimated cost of $4,000,000.

— expansion of the molybdenum roasting capacity at an estimated cost of $6,000,000.

— construction of a plant for the production of high purity, lubricant-grade molybdenum disulphide at an estimated cost of $2,500,000.

Minera Real de Angeles S.A. de C.V., a Mexican company in which we have a 34% interest, has announced that it will place its silver/lead/zinc property into production by 1982. Financing for the project, estimated to cost U.S. $150,000,000, is still to be arranged. Our partners in the project are the Mexican Government, through the Comision de Fomento Minero, and Minera Frisco, S.A., a major Mexican mining company, each of which has a 33% interest.

Real de Angeles is situated in the state of Zacatecas, Mexico. Ore reserves are estimated at 59 million tonnes with an average grade of 73 grams of silver per tonne, 1% lead, 0.9% zinc and 0.015% cadmium. The production rate is expected to be 10,000 tonnes per day.

Personnel

Placer and its subsidiary and associate companies employed a total of 2,507 persons on December 31, 1979 (1978 — 2,389). Included in this total were 750 persons directly employed by Placer at an annual wage and benefits cost of $10,690,000.

It is appropriate here to note the contribution of staff employees at Endako to Placer's success in 1979. Their ability during the strike to maintain production under difficult conditions demonstrated a high level of commitment and loyalty.

Outlook

There is a widespread belief that a recession may occur in 1980, and certainly there are many reasons to support this view. Many of the causes of the last recession, such as large government deficits and lack of growth in wealth-producing activities, remain. Political, military and economic events in the Middle East have added to public and investor unease with the result that recent months have seen rapid change in such key areas as interest rates, consumer and commodity prices, savings rates and energy costs. This perceived instability in major economies has caused investors to turn to commodities such as precious and base metals with a consequent rapid increase in metal prices.

Your Directors have taken such events into consideration in planning the Company's future actions. As a mineral producing company, Placer is particularly concerned with the recent rise in gold and silver prices and the Company's exploration programmes are, therefore, directed toward these metals as well as molybdenum, copper and a number of other minerals expected to remain in strong demand. Our 1979 announcements of two silver mine development projects will give us a significant interest in revenues from silver commencing in 1981 and 1982. These two projects underscore the importance of Placer's past investments in exploration.

It is our view that the outlook for Placer is particularly good over the next two to three years and provides ample reason for optimism.

On behalf of the Board,

T.H. McClelland,
Chairman

R. G. Duthie,
President

Vancouver, B.C. February 26, 1980

Review of 1979

Evening arrives at the Endako molybdenum mine in central British Columbia. Mining operations are carried on 24 hours per day.

Markets

General

Economic expansion in countries belonging to the Organization for Economic Cooperation and Development was quite rapid through the first half of 1979 resulting in increased demand for most commodities. In the second half, rising energy costs reduced the rate of expansion although this did not affect metal prices which remained generally strong and in some cases increased dramatically.

Molybdenum

The market was very strong through 1979 because of heavy demand and restricted supply. The eight and one half month strike at Endako was among the important factors contributing to the serious shortages which emerged in almost all markets. Merchant prices rose as high as U.S. $70.50 per kilogram (U.S. $32 per pound) for molybdenum contained in molybdic oxide.

Shipments from the Endako mine are normally sold at stable producer prices which were U.S. $14.46 per kilogram (U.S. $6.56 per pound) in January, 1979. This practice was modified during the strike and the higher price of U.S. $44.09 per kilogram (U.S. $20 per pound) was received during the period of reduced production. Endako's ability to continue production of molybdic oxide at a reduced capacity enabled our customers to receive needed supplies during the interruption. The average price received by Endako in 1979 was U.S. $26.58 per kilogram (U.S. $12.06 per pound). On January 1, 1980, Endako announced a new producer price of U.S. $25.51 per kilogram (U.S. $11.57 per pound) for molybdenum in oxide form, CIF major foreign port or delivered to Canadian customer.

New mines to be developed in the near future and others which are under active consideration should, within the next two to three years, increase supply sufficiently to restore a balanced market and stable prices.

Copper

Refined copper consumption in Western Bloc countries increased by nearly 4% to about 7,550,000 tonnes in 1979. Copper stocks held by producers and metal exchanges dropped about 400,000 tonnes to roughly 790,000. The continued decline in refined stocks through 1978 and 1979 permitted the average London Metal Exchange (L.M.E.) price to increase to about U.S. $1.99 per kilogram (U.S. $0.90 per pound) (1978 — U.S. $1.36 per kilogram or U.S. $0.62 per pound).

The threat of war and hedge buying against a potential strike at United States mines in mid-1980 are combining to increase prices further. If these factors do not continue, a strong copper market should not be expected in the second half of 1980 since demand will probably decline.

Mercury

Demand and price continued to increase in 1979. Prices rose from U.S. $179 per flask in January to U.S. $350 in December, averaging just over U.S. $273 for the year. In December, the world's largest producer increased its list price to U.S. $400 per flask FOB European ports. McDermitt's sales in the United States increased in response to market demand.

Coal

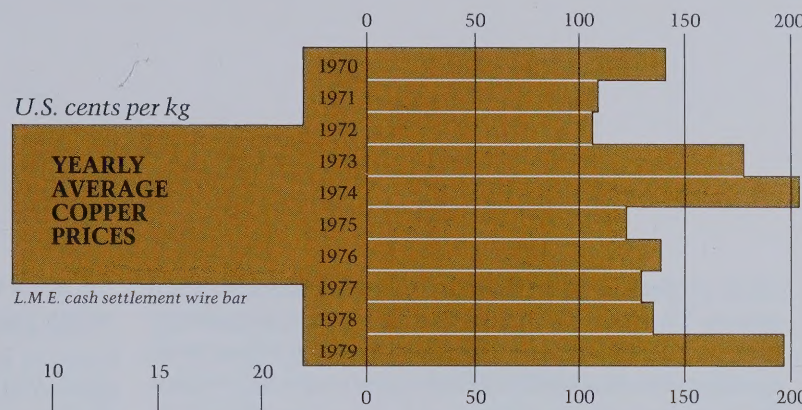
Consumption is increasing in the United States. The majority of new generating plants being planned are coal-fired and future growth seems assured. Nevertheless, prices for steaming coal remained depressed through the year as surplus supply was available. Too much capacity has been developed to meet the requirements predicted as coal replaces oil and some time will be needed for conditions to improve.

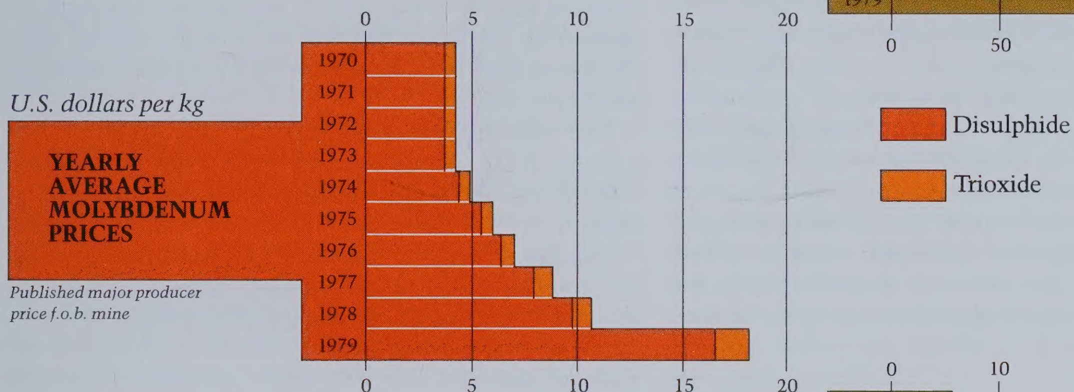
Gold

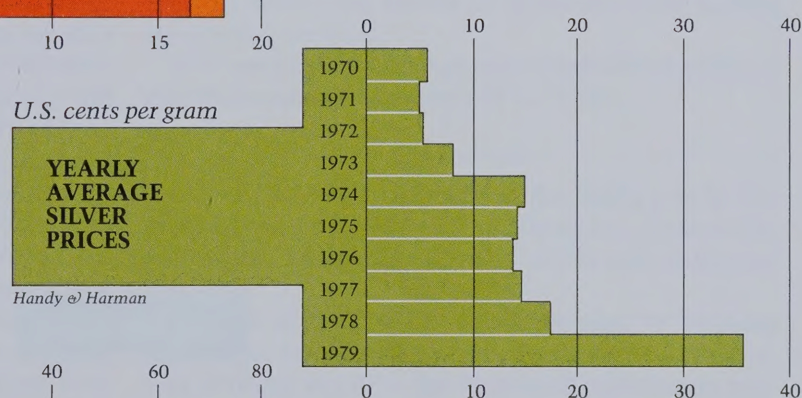
Political instability in the Middle East, Southeast Asia, Central America, and Africa together with higher oil prices, the uncertain economic outlook and weakness in the United States dollar combined to increase gold prices from U.S. $7.27 per gram (U.S. $226 per troy ounce) at the beginning of the year to more than U.S. $16 per gram (U.S. $500 per troy ounce) at year-end. Sales by the International Monetary Fund and the United States Treasury have not been large enough to satisfy increased demand by speculators and investors.

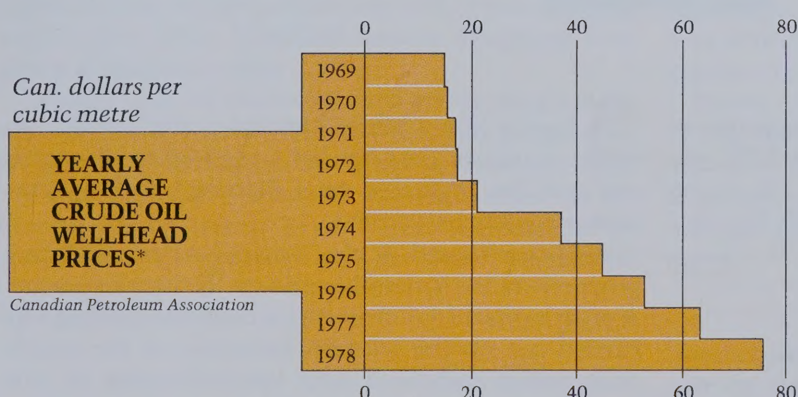
Silver

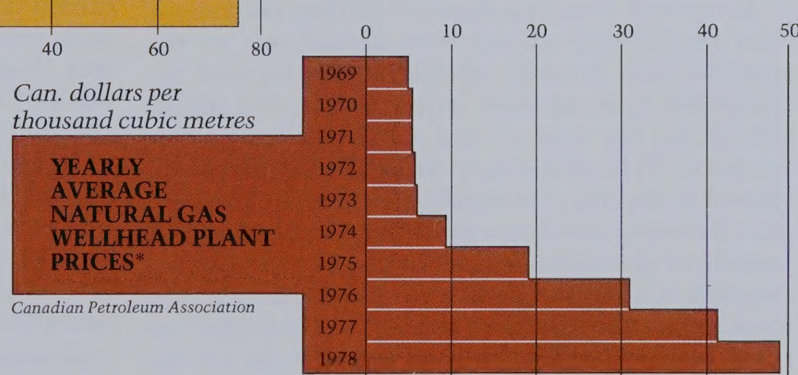
The market fundamentals for silver remain favourable. The annual deficit between consumption and











*NOTE: Oil and gas data are for the period 1969-1978; Metals data are for 1970-1979.

mine production continued at about 5,505,000 kilograms. This deficit has been filled by coin melting, Indian exports, Sino-Soviet exports and sales from government stockpiles. Prices increased fairly steadily from January to August and then rose sharply in September and October because of increased speculator activity. The price range through the year was U.S. $0.19 to U.S. $0.90 per gram (U.S. $5.96 to U.S. $28 per troy ounce).

The United States government is debating the sale of its strategic stockpile of 4,340,000 kilograms, but nothing conclusive has yet been decided. Increased mine production is expected in response to the higher price.

Oil and Gas

The average wellhead price for western Canadian crude at year-end was $13.75 per barrel. Through an agreement between the federal and provincial governments this was increased by $1.00 per barrel on January 1, 1980.

The year-end price for natural gas, at $2.15 per million BTU, FOB Toronto gate, was further increased by $0.15 per million BTU on February 1, 1980.

The export price at year-end, U.S. $3.45 per million BTU, FOB exit portal at Emerson, Manitoba was increased to U.S. $4.47 on February 17, 1980.

Exploration

Exploration expenditures during 1979 amounted to $17,674,000 (1978 — $12,106,000), of which approximately 56% was spent in Canada, 27% in the United States, 11% in Australasia and 6% in other countries.

Hard Minerals

In western Canada a diamond drilling programme and engineering studies were carried out on the molybdenum property of Adanac Mining and Exploration Limited near Atlin, British Columbia. Placer has the right to earn a 70% interest in this property. Thirty-nine diamond drill holes were completed in the area of mineralization and in the potential plant site, dam site, and tailing storage areas. The results of the diamond drilling programme and of a number of additional studies will be used during 1980 to determine mineable ore reserves and to produce an evaluation of the economic potential of the Adanac property.

At Equity Silver Mines Limited a small extension of the main ore zone has been exposed to the north and will be evaluated in a diamond drilling programme planned for 1980.

Work continued at the Howard's Pass lead-zinc property on the Yukon-Northwest Territories border. A programme of 3,650 metres of diamond drilling was carried out on the western extension of the Anniv zone which indicated deep mineralization in this area. Work on the project to date has established that the XY Central zone is the best area for underground testing. Upgrading of the access road was completed in late November and all necessary equipment and supplies were hauled in during the winter in preparation for an underground testing programme in 1980. This programme continues to be funded by the United States Steel Corporation under its option to earn a 49% interest.

Geological mapping and diamond drilling continued on the Clea Tungsten prospect near Howard's

Pass. Two zones of tungsten mineralization were encountered and require further exploration and evaluation.

In eastern Canada exploration for uranium on lands held by another company in the Makkovik area of Labrador has defined a number of radioactive areas. Further investigation of these zones will be carried out in the 1980 field season.

Exploration activity continued at a high level in the United States with the main emphasis on uranium, coal, lead, zinc and precious metals. At the 51%-owned Aurora uranium property in Oregon, an exploration and development drilling programme on the periphery of the ore zone indicated no significant mineral extensions. Mineable ore reserves on this property are currently estimated at 15,200,000 tonnes grading 0.048% U_3O_8. Metallurgical testing and site and environmental studies are being carried out.

A reappraisal of the 100%-owned Golden Sunlight gold property in Montana is in progress and an accelerated programme of exploration is planned for 1980. The feasibility of reactivating the 28.3%-owned Cortez gold mine, which ceased mining operations in 1976, is presently under study. Additional drilling has resulted in an increase of ore reserves in two deposits which now total 4,900,000 tonnes averaging 0.44 grams of gold per tonne.

In Australia, an intensive exploration programme was carried out on a 100%-owned gold prospect at Kidston in northeastern Queensland. Diamond drilling within the area of known mineralization has indicated approximately 25 million tonnes at an average grade of 2.34 grams of gold per tonne, amendable to open pit mining. Further drilling is underway to investigate a possible higher grade portion of the deposit and engineering, feasibility and environmental studies are expected to be finalized in the third quarter of 1980.

In central Papua New Guinea, Placer is exploring the Porgera gold deposit in a joint venture with two other mining companies. Each partner has a one-third interest, subject to an agreement in which the government may take up to a 10% participating interest in the venture. Diamond drilling to date has defined ore grade values in two adjacent zones amenable to open pit mining. Further drilling will be carried out in 1980 to define the extent of mineralization and its economic potential.

Exploration in South America emphasized gold and molybdenum and was centred in Chile.

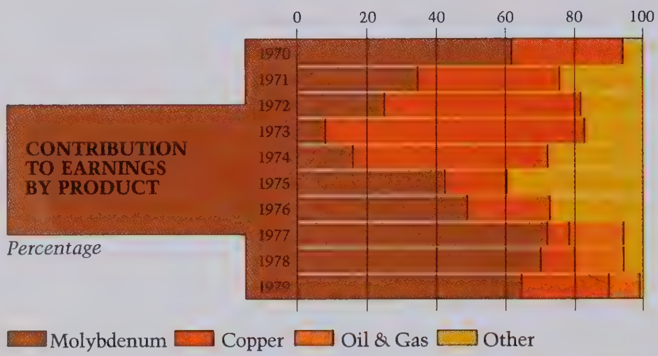
Oil and Gas

Placer CEGO participated in the drilling of 41 exploratory wells (1978 — 26) resulting in: 19 gas wells, 6 oil wells, 14 dry holes, with 2 wells still drilling at year-end.

A total of $5,974,000 was expended in western Canada for oil and gas lease acquisition and exploration drilling in 1979. An increased exploration programme is anticipated in 1980.

Placer CEGO has a carried interest of 6.25% in a North Sea exploration programme. Early in 1980, a seventh exploratory well will be commenced on Block 29/6. Drilling to date in this area has resulted in one gas discovery, one oil discovery and four dry holes.

Operations



CANADA

Endako Mines Division

(100% interest)

The mine was affected by a strike for eight and one half months in 1979. However, staff employees continued to operate the mine at reduced capacity. With the assistance of the Ministry of Labour a new labour agreement extending to June 30, 1981 was reached and was ratified by the union membership on November 1, 1979. A return to normal operations commenced the following day.

Production for the year was 2,697,000 kilograms of molybdenum, or approximately 40% of the 6,929,000 kilograms originally planned.

Endako

	Years ended December 31, 1979*	1978
FINANCIAL		
Gross revenues	**$119,979,000**	$ 84,335,000
Income and resource taxes	**$ 47,427,000**	$ 23,902,000
Net earnings	**$ 35,778,000**	$ 19,557,000
OPERATIONS		
Ore milled — t	**4,768,000**	10,657,000
Daily average — t	**18,200**	32,500
Grade — % molybdenum	**0.077**	0.081
Recovery of molybdenum — %	**73.2**	73.5
Molybdenum in concentrate		
produced — kg	**2,697,000**	6,363,000
shipped — kg	**3,738,000**	6,150,000
Inventory at year end — kg	**642,000**	1,668,000
Mineral reserves — t	**232,000,000**	219,000,000
Grade — % molybdenum	**0.081**	0.082

**Production was reduced by a strike from February 15 to November 1, 1979.*

Design work continued through the year on the roaster and flotation expansion projects and construction is scheduled to start this spring. The flotation project should be completed by year-end, and the roaster expansion will be operational during the first quarter of 1981. Annual production of molybdic oxide will increase from 7,700,000 kilograms to 10,800,000 kilograms as a result. Construction of the new lubricant-grade molybdenum plant was delayed by the strike, and production is now scheduled to begin in mid-1980.

A new 10.7 cubic metre shovel will be operational in early 1980.

The hotel and shopping centre in Fraser Lake, where most mine employees live, was sold in March, 1979.

Placer CEGO Petroleum Limited

(100% interest)

Financial results were notably improved over the previous year and the company's production was considerably expanded. Placer CEGO participated in the drilling of 57 development wells, of which 12 were gas, 32 oil and 4 were drilling at year-end. Nine wells were plugged and abandoned.

The following estimate of year-end reserves before deduction of royalty was prepared by outside consultants:

	Proven[1]	Probable[2]	Total
Crude Oil — m^3	1,311,600	795,500	2,107,100
Natural Gas — 000's of m^3	3,650,561	861,219	4,511,780
Natural Gas Liquids — m^3	170,300	5,000	175,300
Sulphur — tonnes	294,079	44,196	338,275

[1]Proven reserves were considered to be those which to a high degree of certainty are recoverable at commercial rates under present depletion methods and operating conditions and current prices and costs.

[2]Probable additional crude oil reserves were considered to be those commercially recoverable as a result of the beneficial effects which may be derived from the future institution of some form of enhanced recovery scheme or as a result of the more favourable performance of the existing recovery mechanism than that which could be deemed to be proven at this time. Probable additional natural gas reserves were based on those potentially productive areas of the natural gas reservoirs which could not be deemed proven at this time as well as those solution gas reserves commercially recoverable from the probable additional crude oil reserves.

Capital expenditures of $12,642,000 were used for development drilling and new plant and equipment.

Placer CEGO

	Years ended December 31, 1979	1978
FINANCIAL		
Gross revenues	**$25,856,000**	$18,198,000
Income taxes	**$ 4,000,000**	$ 3,835,000
Net earnings*	**$ 5,456,000**	$ 3,220,000
OPERATIONS		
Oil and natural gas liquids produced — m^3	**230,000**	162,200
Natural gas produced — 000's of m^3	**270,000**	242,200

**Net of amortization of excess consideration paid over underlying book value of net assets acquired.*

The development of the West Eagle area near Fort St. John, British Columbia has been completed on the 65-hectare programme. The Eagle area attained a production rate of 730 cubic metres of oil per day at the end of 1979. Unitization is proceeding on schedule and a water injection programme is expected to commence by mid-1980. Placer CEGO has a 50% interest in the wells and production.

Gibraltar Mines Limited

(71.9% interest)

The strike which halted operations for much of 1978 was settled on February 6, 1979. Operations resumed immediately and remained normal for the rest of the year.

Higher prices for copper and molybdenum allowed earnings to return to a satisfactory level for the first time since 1974. Molybdenum sales were at the merchant price which was generally higher than the producer price during 1979. All 1980 production of molybdenum will be shipped to Endako for roasting on a toll basis and the major portion of it sold at the merchant price.

Ore from the Pollyanna pit supplied the concentrator through 1979. Operations in this pit will continue on a diminishing basis as mining transfers to Stage II of the Gibraltar East pit.

Stripping for Stage II mining in the Gibraltar East pit was completed within budget and production of ore will commence in the second quarter of 1980. The total development cost of $34,500,000 will be capitalized until mining is underway and will be written off against revenues from production.

Gibraltar

	Years ended December 31, 1979*	1978*
FINANCIAL		
Gross revenues	**$96,205,000**	$22,421,000
Income and resource taxes	**$28,360,000**	$ (1,495,000)
Net earnings (loss)	**$33,461,000**	$ (2,381,000)
Dividends paid	**$10,841,000**	$ —
OPERATIONS		
Ore milled — t	**10,446,000**	5,136,000
Daily average — t	**33,000**	35,400
Grade — % copper	**0.42**	0.38
Recovery of copper — %	**83.38**	83.68
Concentrate produced — t	**128,500**	60,400
Copper in concentrate — kg	**36,287,000**	16,327,000
Molybdenum in concentrate — kg	**538,300**	129,200
Copper concentrate shipped — t	**115,000**	74,400
Inventory at year-end — t	**13,900**	800
Mineral reserves — t	**243,000,000**	254,000,000
Grade — % copper	**0.36**	0.36
— % molybdenum	**0.008**	0.009

**Production was halted by a strike from May 26, 1978 to February 7, 1979.*

The in-pit, primary crusher and conveyor system in Gibraltar East became operational during March, 1980. Five new 154-tonne trucks have been in service since August and are providing increased haulage capacity.

Members of Local 18, Canadian Association of Industrial, Mechanical and Allied Workers (CAIMAW) voted to exercise their option to extend the labour agreement to June 30, 1981. Wages increased by 5% on March 1, 1980 and there are provisions for quarterly cost of living adjustments commencing in April, and a further 3% general wage adjustment in July.

Craigmont Mines Limited

(44.59% interest)

Financial results in the fiscal year ended October 31 were much improved due to higher copper prices, lower smelter charges and the premium on United States currency.

The cut-off grade was lowered to 0.7% from the 1.0% in effect since 1977, thus increasing ore reserves. This has made it possible to extend the mine's life into early 1981 assuming copper prices remain at

Craigmont

	Years ended October 31, 1979	1978
FINANCIAL		
Gross revenues	**$41,744,000**	$21,827,000
Income and resource taxes	**$12,920,000**	$ 3,455,000
Net earnings	**$10,387,000**	$ 3,572,000
Dividends paid	**$ 8,631,000**	$ 4,062,000
OPERATIONS		
Ore milled — t	**1,910,000**	1,907,000
Daily average — t	**5,400**	5,300
Grade — % copper	**0.95**	1.38
Recovery of copper — %	**86.29**	92.97
Concentrate produced — t	**54,800**	85,500
Copper in concentrate — kg	**15,577,000**	24,409,000
Iron concentrate produced — t	**31,800**	43,100
Copper concentrate shipped — t	**76,200**	73,100
Inventory at year-end — t	**4,300**	25,800

the current level.

The dividend was increased to $0.30 per share in the third quarter and the Directors approved an extra dividend of $0.70 for a total of $1.70 per share in 1979. A dividend of $0.50 per share was paid in January, 1980.

The final exploration programme on ground adjacent to the mine was concluded in the spring without establishing new ore reserves. No additional mineralization was found on the previously reported Chu Chua prospect near Barriere, British Columbia. Although Chu Chua is estimated to contain copper mineralization at an average grade of 2%, its 2,000,000 tonnes of reserves indicates that it could not be developed economically. Exploration elsewhere in the province continues but if it is not successful, the company will likely be wound up, the assets liquidated and distributed to the shareholders. The primary crusher from the open pit was sold in February, 1980.

Zinor Holdings Limited

(36.3% interest)

Through this company, Placer holds a 7.7% interest in Noranda Mines Limited, a highly diversified Canadian natural resources company. Noranda and its associated companies are engaged in three major areas of business: mining and metallurgy, manufacturing, and forest products. They are major producers of copper, molybdenum, gold, silver and lead and are the world's largest mine producers of zinc. Noranda owns 33% of Placer's issued shares.

Noranda increased its dividends during each of the four quarters paying a total of $0.85 per share compared with $0.43 in 1978.

The main reason for the improved results was the small impact of the recession in the United States on Noranda's markets except in isolated instances. Demand was reasonably strong and prices of many products rose toward more economic levels.

Mining and metallurgical earnings increased substantially as a result of the better demand and prices, together with some profit contribution from new operations. Partly offsetting factors were a strike at Mines Gaspe lasting through most of the first half of the year, and substantially increased exploration expenditures.

Noranda

	Years ended December 31, 1979 (in thousands)	1978
FINANCIAL		
Gross revenues	**$ 2,484,690**	$ 1,691,094
Income and resource taxes	**$ 227,045**	$ 90,501
Equity earnings of associated companies	**$ 70,089**	$ 49,293
Net earnings	**$ 394,509**	$ 135,174
Dividends paid	**$ 70,839**	$ 30,707

	December 31, 1979 (in thousands)	1978
Current assets	**$ 1,488,793**	$ 882,706
Investments and other assets	**595,387**	533,309
Fixed assets (net)	**1,236,030**	958,833
	$ 3,320,210	$ 2,374,848
Current liabilities	**$ 801,430**	$ 601,134
Deferred liabilities	**259,086**	134,322
Long-term debt	**602,483**	604,086
Minority interest in subsidiaries	**193,961**	150,932
Shareholders' equity	**1,463,250**	884,374
	$ 3,320,210	$ 2,374,848

The principal asset of Zinor Holdings Limited is Noranda Mines Limited whose financial information is provided above.

Manufacturing earnings improved over those of the prior year despite the 1978 shutdown of an aluminum reduction plant in Missouri, U.S.A.

Forest products earnings increased over those of 1978, although their contribution to earnings per share was reduced by the larger number of shares outstanding. In addition, the comparison with 1978 is distorted by income received on the sale of two sawmills in that year. Pulp and paper markets remained strong throughout the year while lumber markets weakened in the fourth quarter.

On January 14, 1980 Noranda made an offer to purchase all of the outstanding shares of Maclaren Power & Paper Company on the basis of 11 Noranda shares for each 6 Maclaren shares, or at the option of the Maclaren shareholder, $40.00 per Maclaren share. At February 26, 1980, Noranda had issued 10,591,444 of its shares in exchange for Maclaren shares. Accordingly, as of that date Zinor's interest in Noranda had been reduced to 21.3% and Placer's indirect interest to 7.7%.

UNITED STATES

McDermitt Mine

(51% interest)

Increased demand for mercury and reduced availability from other countries resulted in a substantial increase in shipments of prime virgin mercury. Production and sales were increased significantly resulting in improved unit costs and higher earnings.

McDermitt

	Years ended December 31, 1979	1978
FINANCIAL		
Company's share of earnings	**$ 2,451,000**	$ 356,000
OPERATIONS		
Concentrator feed — t	**219,300**	232,400
Grade — kg/t	**5.32**	4.97
Recovery of mercury — %	**85.3**	85.7
Concentrate produced — t	**1,285**	1,314
Mercury produced — kg	**1,011,700**	832,300
Mercury shipped — kg	**1,268,000**	631,600
Mineral reserves — t	**1,969,000**	2,193,000
Grade — kg/t	**4.94**	4.98

Placer Coal Inc.

(100% interest)

The company operated at reduced levels due to application of surface mine regulations of the United States government with a resultant increase in unit costs. Oversupply continued to plague the United States coal industry and the spot market for medium to high-sulphur coal was virtually non-existent.

Major efforts during the year were directed toward acquiring low-sulphur coal reserves in central and southeastern Kentucky.

Placer Coal Inc.

	Years ended December 31, 1979	1978
FINANCIAL		
Gross revenues	**$ 6,589,000**	$ 6,719,000
Extraordinary loss*	**$ —**	$ 4,095,000
Loss	**$ 486,000**	$ 5,238,000
OPERATIONS		
Coal mined — t	**224,600**	209,700
Coal reserves — t	**545,000**	769,000

**Reduction in economically recoverable coal reserves.*

PHILIPPINES

Marcopper Mining Corporation

(39.89% interest)

Net earnings were the highest since 1974 because of increased prices for copper and gold. Despite higher mill throughput, a lower grade of ore milled resulted in copper production well below last year's record high. Operating costs were substantially higher due to inflation.

Ore reserves in the Tapian pit are estimated at 44,000,000 tonnes with an average grade of 0.49% copper at a cut-off grade of 0.33%. This pit contains an additional 57,000,000 tonnes of mineralized material averaging 0.38% copper at a 0.25% cut-off grade which is considered profitable at projected costs and copper prices.

By the end of 1979 more than one third of the 29,000,000 tonnes of old tailing had been removed

from the San Antonio orebody by two pneumatic dredges. A third dredge of the bucket wheel-suction cutter type, has been ordered and will be used for clean-up of pond perimeter and bottom. Pre-production stripping of 16,300,000 tonnes of overburden will commence in 1982 and mining of ore will commence by January, 1984. The soft ore will be fed into a new autogenous milling facility to be installed adjoining the existing concentrator at Tapian.

Marcopper

	Years ended December 31, 1979	1978
FINANCIAL		
Gross revenues	**$103,256,000**	$ 79,958,000
Income taxes	**$ 18,639,000**	$ 13,344,000
Net earnings	**$ 27,261,000**	$ 18,850,000
Dividends paid	**$ 20,126,000**	$ 12,199,000
OPERATIONS		
Ore milled — t	**9,221,000**	9,459,000
Daily average — t	**25,300**	25,900
Grade — % copper	**0.54**	0.64
Recovery of copper — %	**87.0**	87.2
Concentrate produced — t	**146,100**	183,200
Copper in concentrate — kg	**44,522,000**	54,025,000
Gold in concentrate — g	**1,580,600**	2,283,400
Silver in concentrate — g	**7,551,700**	9,683,600
Copper concentrate shipped — t	**151,200**	188,400
Inventory at year-end — t	**7,800**	12,900
Mineral reserves — t	**101,000,000**	64,000,000
Grade — % copper	**0.43**	0.57

Production of loins and canned tuna by Mar Fishing Company Inc., in which Marcopper holds a 70% interest, is expected to begin in the latter part of 1980. The company, in conjunction with B.C. Packers Ltd., is increasing the investment in their Philippine tuna fishing venture. The purchase of two purse seiner boats is being investigated and a processing plant is under construction. The total cost of these additions is estimated at U.S. $11,800,000.

AUSTRALIA

Placer Exploration Limited

(100% interest)

The continuing high rate of inflation has had an adverse effect on the manufacturing operations. Fox Manufacturing Company (100% interest) had sales of $28,249,000 (1978 — $27,640,000). A substantial portion of this represented sales outside Australia, particularly in Mexico and New Zealand, reflecting the small domestic market for Fox products and the slow expansion of Australia's economy. Inflation was a major factor in the higher-than-anticipated cost of completing long-term overseas contracts.

Placer Exploration

	Years ended December 31, 1979	1978
Gross revenues	**$43,813,000**	$39,864,000
Income taxes	**$ (219,000)**	$ 753,000
Extraordinary loss*	**$ —**	$ 1,930,000
Loss	**$ 5,197,000**	$ 2,479,000

**Reduction in carrying value of Australian grazing properties.*

Associated Plywood Sales (100% interest) had improved sales of $11,805,000 (1978 — $10,191,000) following a slight upturn in the building industry and efforts of management to widen its markets.

Molybond Laboratories (100% interest) increased sales by 34%. The price of molybdenum increased sharply as a result of a shortage which will continue to affect prices in 1980.

Northern Cattle Company (50% interest) reported improved earnings of which Placer's share was $479,000. Northern Cattle Company expects the sale of its Kimberley region properties to be completed in 1980.

The Equity Silver Mine

Equity is located 37 kilometres south of Houston, British Columbia. Placer, with a 70% interest in the mine, is responsible for development and operation. Equity will become one of Canada's significant sources of silver, producing 177,000 kilograms per year. In addition, it will annually produce 6,400,000 kilograms of copper, 340 kilograms of gold and 1,700,000 kilograms of antimony.

Photographs on the following pages show the progress of construction during 1979 and early 1980. They indicate to some extent how weather influences all aspects of the project. Careful scheduling of the various construction phases aimed at completing major outside projects during warm weather in order to have buildings enclosed and allow equipment installations to proceed through the winter.

Snow and rain in mid-June slowed construction by making some areas impassable for heavy vehicles.

A

B

A – Foundations for the concentrator building are poured during a summer drizzle.
B – Finishing the concrete before removing forms. Ore will be ground and concentrated in this building before passing to the leach plant.
C – Rain gear is an important item of equipment.

C

A – Reinforcing bars await next major concrete pour.
B – Cranes help out on many different jobs each day.
C – Surveyor Lance Balcom (left) explains layout of the future tailing pond to Accountant Paul Sweeney.
D – The skilled construction worker will never be replaced, but power equipment like this back hoe makes his job easier.

A

B

C

D

A

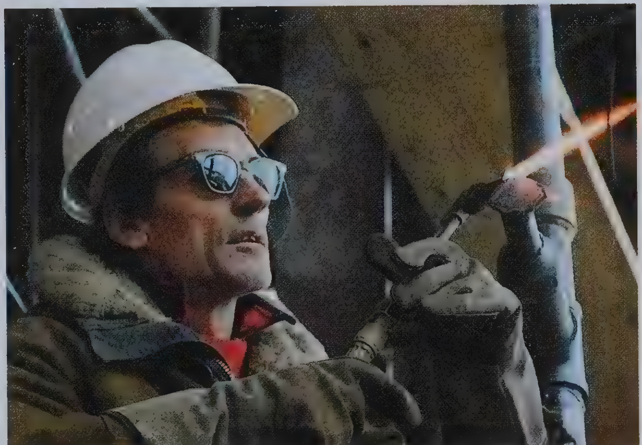
B

C

A – Fresh water supply line to the mine was laid in August, 1979.
B – This unit rapidly joins pipe sections.
C – Homes for mine employees rise in the scenic town of Houston.

A

B



C

A – Dozers at work on the tailing dam.
B – Racing the winter season, workmen add cladding to enclose the concentrator. The next stage will be inside installations.
C – Cold weather brings out the heavy clothing, but the job continues. Pipefitter applies finishing touch in the shop/warehouse building.

A – Open side of the primary crusher building will allow ore trucks to dump into top of crusher at floor level.
B – Inside the concentrator the flotation cells are in place.
C – View of the plant from the open pit, facing east.

A

B

C

Operating Review

1979 COMPARED TO 1978

Net earnings

Earnings before extraordinary items increased 184% to $74,528,000 from $26,209,000 in 1978. In 1979, an extraordinary gain of $38,588,000 increased net earnings to $113,116,000. The gain resulted from the exchange in March of the Company's 27.1% interest in Mattagami Lake Mines Limited (N.P.L.) for a 5.5% interest in Noranda Mines Limited.

The improvement in earnings before extraordinary items resulted from significant price increases for molybdenum and copper. Although Endako's production was reduced by a strike from February 15 to November 1, 1979, its molybdenum sales were at prices higher than the customary producer price, averaging U.S. $26.58 per kilogram in 1979 compared to U.S. $11.78 in 1978. Copper prices on the London Metal Exchange averaged U.S. $1.99 per kilogram in 1979 compared to U.S. $1.36 in 1978.

Revenues

Sales were $292,941,000, a 72% increase from $170,319,000 in 1978 because of much higher molybdenum and copper prices. Endako molybdenum sales increased 43% to $119,612,000. An increase of 126% in the average price received was partially offset by a 39% decrease in volume. Gibraltar copper sales increased 233% to $67,279,000 as a strike halted operations from May 26, 1978 to February 6, 1979. The increase reflects the higher copper price and a 63% volume increase. In addition, in 1979 Gibraltar sold its molybdenum at merchant prices instead of producer prices, which rose to an average of U.S. $55.70 per kilogram.

The $5,756,000 or 65% increase in interest and other income resulted primarily from the receipt of Noranda dividends of $2,075,000 and interest at higher rates on larger cash balances.

Expenses

Cost of sales was $113,714,000 compared to $98,107,000 in 1978. The 16% increase resulted from the greater sales volume at Gibraltar and higher costs at Australian operations. Also, additional costs were incurred when reduced operations continued during the Endako strike.

Selling, general and administrative expenses increased $2,734,000 or 21% as a result of continuing inflation, revisions to pension plans and higher costs at Australian operations. Interest and exchange loss increased 18% to $9,319,000, reflecting additional borrowings and higher interest rates in 1979.

Exploration expense was 46% higher at $17,674,000, of which 70% represented hard mineral expenditures with the balance directed toward oil and gas exploration in western Canada. Major areas of activities in 1979 included, exploration for molybdenum in British Columbia, gold in Australasia and uranium in Oregon.

Income and resource taxes

Taxes increased to $72,077,000 from $22,230,000 as a result of higher earnings. The higher earnings lessened the impact of items not deductible for tax purposes with the result that taxes in 1979 were 53% of pre-tax earnings compared to 66% in 1978.

Financial position

In November, 1979 the Company acquired a 36.3% interest in Zinor Holdings Limited for $40,000,000 and the 5.5% interest in Noranda acquired in March, 1979. At year-end Zinor held 23.6% of Noranda's shares. The Company borrowed $30,000,000 to finance this investment.

Construction of the mine facilities for Equity Silver Mines Limited (70% owned) commenced in April, 1979 and $37,500,000 was provided by the Company for this purpose in 1979 by the purchase of preferred shares of Equity. Following the commencement of production, Equity intends to replace the financing provided by the Company with long-term borrowings from commercial institutions.

Long-term debt and bank financing amounted to $89,556,000 at December 31, 1979, a net increase of $26,302,000 from December 31, 1978.

Working capital decreased from $60,987,000 to $50,045,000 as the higher earnings were exceeded by major expenditures which included financing for the Equity mine construction and the Gibraltar East pit, Stage II development. Also, dividends increased to $15,153,000 or $1.25 per share compared to $10,893,000 or $0.90 per share in 1978.

1978 COMPARED WITH 1977

Net earnings

Earnings before extraordinary items increased 22% to $26,209,000 from $21,509,000 in 1977. Two extraordinary items reduced 1978 net earnings to $20,184,000. The value of the newly acquired coal properties in Kentucky was written down by $4,095,000 to reflect a reduction in economically recoverable coal reserves. The Company's interest in grazing properties in Australia was also written down by $1,930,000 when a lower valuation of some of the properties was determined.

The increase in earnings before extraordinary items resulted primarily from improvements in the earnings of associated companies, Marcopper, Mattagami and Craigmont which were attributable to higher sales volumes and metal prices.

Endako's molybdenum continued to be the primary contributor to earnings. Gibraltar incurred a loss as a result of a strike which disrupted operations from May 26, 1978 to February 6, 1979.

Revenues

Sales were $170,319,000, a 4% decrease from $177,100,000 in 1977. The average price of molybdenum increased 35% but sales increased only 7% to $83,406,000 because of a 22% decline in sales volume. Gibraltar's copper sales decreased $19,000,000 or 49% due to the volume reduction caused by the strike. There was a 7% increase in the average premium on U.S. dollars, in which currency most of the Company's revenue is received.

Expenses

Cost of sales decreased 13% mainly as a result of Gibraltar's reduced sales. Interest expense, including foreign exchange, increased $2,134,000 or 37% as a result of additional borrowings, higher interest rates and the weaker Canadian dollar. Exploration expense increased 22% to $12,106,000 primarily as a result of increased activity in the United States.

Income and resource taxes

Income and resource taxes increased $6,670,000 or 43% primarily because of Endako's higher pre-tax earnings and less depletion allowance available for deduction from the mining income generated by that division.

Financial position

Working capital decreased from $69,834,000 to $60,987,000.

Additional long-term debt of $22,541,000 was incurred primarily to acquire oil and gas properties in western Canada and the coal mining companies.

The Company paid dividends of $10,893,000 or $0.90 per share compared to $9,661,000 or $0.80 in 1977.

Consolidated Statements of Earnings

	Years ended December 31, 1979	1978
	(in thousands)	
REVENUES:		
Sales	**$292,941**	$170,319
Interest and other income	**14,570**	8,814
	307,511	179,133
EXPENSES:		
Cost of sales	**113,714**	98,107
Depreciation	**7,651**	9,198
Depletion	**7,090**	5,269
Selling, general and administrative	**15,697**	12,963
Interest and exchange loss *(Note 6)*	**9,319**	7,911
Exploration	**17,674**	12,106
	171,145	145,554
Earnings before taxes and other items	**136,366**	33,579
INCOME AND RESOURCE TAXES *(Note 7)*:		
Current	**46,522**	20,731
Deferred	**25,555**	1,499
	72,077	22,230
Earnings before the following	**64,289**	11,349
Equity in after-tax earnings of associated companies *(Note 4)*	**19,641**	14,191
Minority interests in (earnings) losses of subsidiaries	**(9,402)**	669
Earnings before extraordinary items	**74,528**	26,209
Extraordinary items *(Note 9)*	**38,588**	(6,025)
NET EARNINGS	**$113,116**	$ 20,184
PER COMMON SHARE:		
Earnings before extraordinary items	**$6.19**	$2.17
Net earnings	**$9.37**	$1.67

Consolidated Statements of Earnings Reinvested in the Business

	Years ended December 31, 1979	1978
	(in thousands)	
BALANCE, BEGINNING OF YEAR	**$213,654**	$204,363
Net earnings	**113,116**	20,184
Dividends — $1.25 per share (1978 — $0.90)	**(15,153)**	(10,893)
BALANCE, END OF YEAR	**$311,617**	$213,654

PLACER DEVELOPMENT LIMITED

Consolidated Balance Sheets

	December 31, 1979	1978
	(in thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and time deposits	**$ 50,506**	$ 43,273
Marketable securities, at lower of cost and market value	**15,192**	13,305
Accounts receivable	**42,957**	27,812
Receivables from associated companies	**7,116**	7,160
Inventories *(Note 3)*	**31,649**	33,369
	147,420	124,919
INVESTMENTS:		
Associated companies *(Note 4)*	**143,714**	67,495
Other assets, at cost	**4,672**	5,481
	148,386	72,976
PROPERTY, PLANT AND EQUIPMENT *(Note 5)*:		
Buildings and equipment	**126,499**	82,157
Properties and development	**127,458**	97,294
	253,957	179,451
	$549,763	$377,346

LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 1979	1978
	(in thousands)	
CURRENT LIABILITIES:		
Short-term loans	**$ 8,415**	$ 5,310
Accounts payable and accrued liabilities	**38,369**	27,492
Income and resource taxes payable	**30,136**	20,106
Long-term debt due within one year	**20,455**	11,024
	97,375	63,932
LONG-TERM DEBT *(Note 6)*	**60,686**	46,920
DEFERRED INCOME AND RESOURCE TAXES	**42,496**	16,941
MINORITY INTERESTS IN SUBSIDIARIES	**27,158**	17,652
SHAREHOLDERS' EQUITY:		
Share capital *(Note 8)* —		
Authorized, 20,000,000 common shares without nominal or par value		
Issued, 12,132,048 shares (1978 — 12,104,808)	**10,031**	9,474
Contributed surplus	**8,773**	8,773
Earnings reinvested in the business	**311,617**	213,654
	330,421	231,901
Less the Company's pro rata interest in its shares held by Noranda Mines Limited representing 346,700 issued shares *(Note 4)*	**8,373**	—
	322,048	231,901
COMMITMENT *(Note 2)*		
SUBSEQUENT EVENT *(Note 4)*		
	$549,763	$377,346

Approved by the Board:

R.G. Duthie, *Director*

T.H. McClelland, *Director*

Consolidated Statements of Changes in Financial Position

	Years ended December 31, 1979	1978
	(in thousands)	
FINANCIAL RESOURCES WERE PROVIDED BY:		
Earnings before extraordinary items	**$ 74,528**	$ 26,209
Add (deduct) items not involving working capital —		
Depreciation and depletion	**14,741**	14,467
Deferred income and resource taxes	**25,555**	1,499
Unrealized exchange loss on long-term debt	**1,217**	1,025
Unproductive oil and gas properties expensed	**4,028**	692
Equity in after-tax earnings of associated companies in excess of dividends received	**(6,518)**	(7,519)
Minority interests in earnings (losses) of subsidiaries	**9,402**	(669)
Total from operations	**122,953**	35,704
Disposal of investment in Mattagami Lake Mines Limited (N.P.L.) *(Note 4)*	**72,641**	—
Proceeds of long-term debt	**33,000**	22,541
Disposal of property, plant and equipment	**2,109**	956
Other	**1,880**	(432)
	232,583	58,769
FINANCIAL RESOURCES WERE USED FOR:		
Investment in Zinor Holdings Limited *(Note 4)*	**112,641**	—
Properties and development	**37,256**	25,645
Buildings and equipment	**54,978**	7,174
Dividends to —		
Shareholders of the Company	**15,153**	10,893
Minority interests in subsidiary	**3,046**	—
Acquisition of coal companies	**—**	11,503
Reduction in long-term debt	**20,451**	12,401
	243,525	67,616
Decrease in working capital	**(10,942)**	(8,847)
Working capital, beginning of year	**60,987**	69,834
Working capital, end of year	**$ 50,045**	$ 60,987
INCREASE (DECREASE) IN WORKING CAPITAL COMPONENTS:		
Cash and time deposits	**$ 7,233**	$ 15,679
Marketable securities	**1,887**	5,182
Accounts receivable	**15,145**	(7,248)
Receivables from associated companies	**(44)**	174
Inventories	**(1,720)**	78
Short-term loans	**(3,105)**	(5,310)
Accounts payable and accrued liabilities	**(10,877)**	(700)
Income and resource taxes payable	**(10,030)**	(9,387)
Long-term debt due within one year	**(9,431)**	(7,315)
Decrease in working capital	**$ (10,942)**	$ (8,847)

Notes to Consolidated Financial Statements

December 31, 1979 and 1978

1. Accounting policies:

Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiary companies (owned more than 50%). In addition, the equity method of accounting is followed for investments in associated companies in which the Company owns from 20% to 50%. Under this method, the Company records in earnings its share of the after-tax earnings or losses of these companies, rather than dividends received. Withholding tax is provided in respect of the undistributed earnings of foreign subsidiary and associated companies.

When the cost of an investment exceeds its net book value at the date of acquisition any excess is amortized as depletion or depreciation expense over the estimated lives of the related assets.

Foreign currency translation

Current assets (except inventories), current liabilities and long-term debt denominated in foreign currencies are translated into Canadian dollars at year-end rates. All other foreign currency assets and liabilities, depreciation and depletion, are translated at the rates applicable at the time of the relevant transactions. Revenues and expenses, other than depreciation and depletion, are translated at the average rates of exchange for the year.

Exchange gains and losses arising on translation are included in determining net earnings except for unrealized gains or losses on long-term debt, which are deferred and amortized over the remaining term of each obligation. The net amount of foreign exchange arising on translation and included in net earnings is not significant.

Inventories

Concentrates and finished and in-process industrial products are valued at the lower of cost and net realizable value; cost is determined on a first-in, first-out basis.

Supplies and raw materials are valued at the lower of cost and replacement cost; cost is determined principally on a moving-average basis.

Property, plant and equipment

Depreciation is provided on the cost of assets over their estimated useful lives on the following annual bases —

- buildings and machinery on a straight-line basis at rates of 2% to 5% (Note 5),
- mobile equipment on a diminishing-balance basis at rates of 15% to 36%, and
- oil and gas lease and well equipment, and gas plants on a unit of production basis.

Depletion of the cost of mining properties and development incurred during the preproduction period is provided on a straight-line basis over the estimated life of each mine or twenty years, whichever is shorter.

The cost of overburden removal for specific large mining projects is capitalized as development and charged to earnings as depletion expense on the unit of production basis.

Depletion of the cost of producing oil and gas properties and development, representing lease acquisition and drilling costs, is provided on the unit of production basis using proven reserves for each area.

Exploration

Current mineral exploration costs are charged against earnings for the year except that costs are capitalized as Properties and development if economically recoverable ore reserves have been determined.

Current oil and gas exploration costs, including geological, geophysical and exploratory dry hole costs, are charged against earnings for the year except for lease acquisition and drilling costs, which are initially capitalized as Properties and development. When an area is abandoned or when there is an impairment in value of an undeveloped property, the applicable capitalized costs are charged against earnings.

Deferred income and resource taxes

Income and resource taxes are recorded on the tax allocation method. Under this method, taxes reflect the effect of timing differences which arise when certain costs, principally depreciation and depletion, are recorded in different time periods for accounting purposes than for tax purposes.

2. New mines:

In 1979 the Company completed the acquisition of a 70% interest in Equity Silver Mines Limited, a company formed by amalgamation to own and operate a silver property near Houston, British Columbia. The purchase was effected by payment of $7,430,000 and a commitment to arrange the financing required to prepare and equip the property for production.

The construction of the mine facilities commenced in April 1979, and is estimated to cost $107,000,000 of which $37,500,000 has been expended in 1979.

Following the commencement of production, Equity Silver Mines Limited intends to replace the financing by the Company with long-term borrowing from commercial institutions.

Minera Real de Angeles S.A. de C.V., in which the Company has a 34% interest, has announced that it will place its silver-lead-zinc property in Mexico into production. Financing for the project, which is expected to cost U.S. $150,000,000, has not yet been arranged.

3. Inventories:

	December 31, 1979	1978
	(in thousands)	
Mining —		
Concentrates	**$ 8,073**	$10,030
Operating supplies	**10,206**	9,088
	18,279	19,118
Industrial products —		
Finished and in-process	**10,423**	11,461
Raw materials and supplies	**2,947**	2,790
	13,370	14,251
	$31,649	$33,369

4. Associated companies:

As a result of the merger of Noranda Mines Limited and Mattagami Lake Mines Limited (N.P.L.) in March 1979, the Company received 5.5% of the then outstanding common shares of Noranda for its Mattagami shares. The extraordinary gain on the transaction of $38,588,000, representing the excess of quoted market price of the Noranda shares on the date of exchange over the Company's carrying value of its investment in Mattagami is reflected in the Consolidated Statements of Earnings.

On November 16, 1979 the Company together with two other related companies of Noranda Mines Limited formed a joint venture, Zinor Holdings Limited, to acquire a share investment in Noranda. The joint venture is to be carried on in accordance with a shareholders' agreement which amongst other things, requires unanimous approval of shareholders for all transactions. The Company contributed its aforementioned shares of Noranda at their cost of $72,641,000 together with $40,000,000 in cash to acquire a 36.3% interest in Zinor. Zinor utilized the cash received from its shareholders and additional bank borrowings of $95,000,000 to purchase treasury shares of Noranda. These shares, together with the Noranda shares contributed by the Company and one of the other related companies, resulted in Zinor holding 23.6% of Noranda's outstanding shares at December 31, 1979.

Subsequent to December 31, 1979 the shareholders purchased additional shares of Zinor on a pro-rata basis to provide $95,000,000 which Zinor has repaid to the banks. The Company's portion was $34,500,000 which was borrowed from two Canadian banks at the prime rate, and is to be repaid by January 31, 1982.

Zinor is accounting for its investment in Noranda under the equity method and the Company in turn is accounting for its investment in Zinor by the same method. Accordingly, the Company has eliminated the indirect interest in its own earnings and net assets arising from Noranda's 33% shareholding in the Company.

The Company has significant investments in Craigmont Mines Limited in Canada and Marcopper Mining Corporation in the Philippines. Craigmont estimates that proven ore reserves are only sufficient to enable production of copper concentrate to continue into early 1981. No impairment is expected in the Company's investment as a result of the phase-out of Craigmont's copper operations.

Details of the Company's investments are shown below —

	% Ownership	Quoted market price December 31, 1979	Underlying equity in net assets December 31, 1979	1978	Equity in after-tax earnings (losses) years ended December 31, 1979	1978	Dividends years ended December 31, 1979	1978
				(in thousands)				
Zinor	36	—	**$108,196**	$ —	**$ 5,700**	$ —	**$ 1,772**	$ —
Marcopper*	40	$89,251	**26,062**	23,642	**9,242**	6,391	**6,822**	4,136
Craigmont	45	$16,131	**8,282**	8,642	**4,169**	2,360	**4,529**	1,811
Mattagami	—	—	**—**	34,053	**—**	5,552	**—**	718
Other	28-50	—	**1,174**	1,158	**530**	(112)	**—**	7
			$143,714	$ 67,495	**$ 19,641**	$ 14,191	**$ 13,123**	$ 6,672

Net of withholding tax.

The quoted market price does not necessarily represent the value of these investments which may be more or less than that indicated by market quotations.

Summarized below are the combined assets, liabilities and net earnings of all the associated companies —

	December 31, 1979	1978
	(in thousands)	
Assets		
Current assets	**$ 97,331**	$167,676
Investments and other assets	**475,500**	9,391
Property, plant and equipment—net	**80,516**	162,325
	$653,347	$339,392
Liabilities		
Current liabilities	**$ 34,447**	$ 45,420
Long-term debt and deferred income taxes	**132,573**	45,009
Minority interest in subsidiaries	**—**	17,772
	$167,020	$108,201
Combined net earnings for the year	**$ 53,926**	$ 38,807

5. Property, plant and equipment:

	December 31, 1979	1978
	(in thousands)	
Buildings and equipment		
Cost —		
Buildings and machinery	**$109,392**	$103,631
Mobile equipment	**41,929**	35,953
Oil and gas lease and well equipment, and gas plants	**18,091**	14,264
Construction in progress	**35,344**	—
	204,756	153,848
Accumulated depreciation —		
Buildings and machinery	**45,134**	43,057
Mobile equipment	**26,323**	22,798
Oil and gas lease and well equipment, and gas plants	**6,800**	5,836
	78,257	71,691
	$126,499	$ 82,157
Properties and development		
Cost —		
Mining	**$ 60,944**	$ 34,233
Oil and gas	**89,228**	78,749
	150,172	112,982
Accumulated depletion —		
Mining	**10,425**	7,743
Oil and gas	**12,289**	7,945
	22,714	15,688
	$127,458	$ 97,294

Depreciation rates have been adjusted to reflect the extended estimated useful lives of buildings and machinery at certain Canadian mines due to revisions of estimated remaining ore reserves. This change had no significant effect on the 1979 consolidated net earnings.

6. Long-term debt:

Long-term debt consists of the following term loans —

	December 31, 1979	1978
	(in thousands)	
Canadian, bearing interest at bank prime rate (average 15%), maturing 1983	**$ 30,000**	$ —
U.S. $22,500,000 (1978 — $28,500,000), bearing interest at 1% above the London Interbank Offering Rate (average 12.7%, 1978 — 9.5%), maturing 1983	**26,253**	33,801
U.S. $9,250,000 (1978 — $9,750,000), bearing interest at ⅝% — ¾% above the London Interbank Offering Rate (average 12.2%, 1978 — 9.5%), maturing 1985	**10,793**	11,563
Canadian, bearing interest at ½% above bank prime rate (average 13.3%, 1978 — 10.1%), maturing 1983	**9,180**	7,860
U.S. $3,014,000 (1978 — $4,410,000), bearing interest at 8%, maturing 1981	**3,517**	5,231
Australian $2,000,000 (1978 — $2,000,000), bearing interest at an average rate of 12% (1978 — 13%), maturing 1981	**2,592**	2,728
Unrealized foreign exchange loss, to be amortized over the remaining term of each obligation	**(1,194)**	(3,239)
	81,141	57,944
Less: Amounts due within one year	**20,455**	11,024
	$ 60,686	$ 46,920

Certain loan agreements contain various covenants regarding the maintenance of working capital, working capital ratio, and net worth. They also contain provisions for limitations on guarantees, liens, leases, indebtedness, and consolidations and mergers.

At December 31, 1979 the scheduled repayment of the above loans for each of the five years through 1984 is as follows — 1980 — $20,455,000, 1981 — $20,622,000, 1982 — $17,484,000, 1983 — $17,210,000, 1984 — $4,376,000.

In 1979 interest expense and exchange loss on long-term debt amounted to $7,491,000 and $1,182,000 respectively (1978 — $5,581,000 and $1,534,000).

The Company had available at December 31, 1979, unused lines of credit amounting to $48,400,000 (1978 — $66,800,000), which generally provide for unsecured term loans bearing interest at floating rates charged by banks to prime commercial creditors.

7. Income and resource taxes:

The reconciliation between the combined federal and provincial statutory income tax rate in Canada and the Company's effective income and resource tax rate is as follows —

	Years ended December 31, 1979	1978
Combined Canadian federal and provincial income tax rate	**51.0%**	51.0%
Resource and depletion allowances	**(16.3)**	(16.9)
Adjusted combined income tax rate	**34.7**	34.1
Provincial resource taxes	**14.8**	17.5
	49.5	51.6
Foreign exploration not deductible.	**2.0**	6.9
Depletion not deductible	**1.3**	4.5
Other	**0.1**	3.2
Effective income and resource tax rate	**52.9%**	66.2%

At December 31, 1979, earned depletion of approximately $18,700,000 (1978 — $15,000,000) is available to reduce taxable income of subsidiaries in future years.

8. Share capital:

Share purchase plan

The Company has a share purchase plan for its salaried employees under which the Company contributes one-third of the cost of shares issued to employees. During 1979, 8,107 shares were issued for $278,000 (1978 — 11,171 shares for $239,000) and 7,683 shares (1978 — 4,595) were provided from a subsidiary at fair market value.

Share option plan

The Company's share option plan provides options over a ten-year term which are exercisable at any time. The option prices are 110% of the market value

of the common shares at the dates the options are granted.

In 1979, no options for common shares were granted and 11,450 options were exercised for $229,000. (In 1978, options for 1,000 common shares were granted and 2,700 options were exercised for $49,000). At December 31, 1979, options for 50,450 shares were outstanding at prices ranging from $17.12 to $24.34 per share. There would be no significant dilution of earnings per share if these outstanding options had been exercised during the year.

9. Extraordinary items:

	Years ended December 31, **1979**	1978
	(in thousands)	
Gain on exchange of shares of Mattagami Lake Mines Limited (N.P.L.) for shares of Noranda Mines Limited (Note 4)	**$ 38,588**	$ —
Write-down of coal properties to reflect a decrease in economically recoverable reserves	—	(4,095)
Write-down of properties by Northern Cattle Company Pty. Limited	—	(1,930)
	$ 38,588	$ (6,025)

10. Pension plans:

The Company and its subsidiaries have contributory and non-contributory pension plans for its employees under which the total pension expense for 1979 was $1,507,000 (1978 — $706,000). The higher expense in the current year results from providing for improved pension plan benefits. The cost of pension benefits charged to earnings is based upon periodic actuarial computations which are obtained at least every two years. The current and past service benefits of these plans, for services rendered to the balance sheet date, are fully provided for in accordance with the most recent actuarial reports, and with the estimated requirements for minor modifications to the plans since the report dates.

11. Remuneration of directors and senior officers:

Aggregate direct remuneration paid by the Company and its subsidiaries to its directors and senior officers in 1979 amounted to $1,055,000 (1978 — $789,000) of which $100,000 (1978 — $67,000) consisted of fees paid to directors.

12. Lines of business information:

The Company operates in three principal industries — mining in Canada and the United States, oil and gas in Canada, and manufacturing in Australia. The principal base metal mining operations produce and sell molybdic oxide and copper concentrates. Oil and gas operations include the production and sale of crude oil, natural gas and natural gas liquids. Manufacturing operations involve the manufacture of mining and industrial equipment.

	Years ended December 31, **1979**	1978
	(in thousands)	
INDUSTRY SEGMENTS — SALES:		
Mining	**$225,651**	$112,752
Oil and gas	**24,696**	17,703
Manufacturing	**28,249**	27,640
Other industries	**14,345**	12,224
Total sales	**$292,941**	$170,319
OPERATING EARNINGS (LOSS):*		
Mining	**$145,146**	$ 37,543
Oil and gas	**14,630**	8,885
Manufacturing	**(6,606)**	1,351
Other industries	**668**	935
Total operating earnings	**153,838**	48,714
General corporate expenses	**(5,049)**	(3,932)
Interest and exchange loss	**(9,319)**	(7,911)
Exploration expense	**(17,674)**	(12,106)
Interest and other income	**14,570**	8,814
Earnings before taxes and other items	**$136,366**	$ 33,579
GEOGRAPHIC AREA — SALES:		
Canadian operations	**$238,348**	$122,062
Australian operations	**42,594**	39,864
United States operations	**11,999**	8,393
	$292,941	$170,319
OPERATING EARNINGS (LOSS):*		
Canadian operations	**$156,856**	$ 46,372
Australian operations	**(5,938)**	2,286
United States operations	**2,920**	56
	$153,838	$ 48,714

**Represents sales less cost of sales, depreciation, depletion and allocated general and administrative expenses.*

13. Quarterly financial data (unaudited):

1979	1st	2nd	3rd	4th	Year Total
		(in thousands, except per share amounts)			
Sales	**$ 47,280**	**$ 87,656**	**$ 70,376**	**$ 87,629**	**$292,941**
Gross profit	**22,044**	**51,013**	**43,045**	**48,384**	**164,486**
Earnings before extraordinary items	**11,459**	**24,965**	**16,993**	**21,111**	**74,528**
Net earnings	**50,047**	**24,965**	**16,993**	**21,111**	**113,116**
Per common share:					
Earnings before extraordinary items	**0.95**	**2.06**	**1.40**	**1.78**	**6.19**
Net earnings	**4.13**	**2.06**	**1.40**	**1.78**	**9.37**
Dividends	**0.25**	**0.25**	**0.25**	**0.50**	**1.25**
1978					
Sales	$ 40,310	$ 48,721	$ 39,039	$ 42,249	$170,319
Gross profit	11,954	12,917	14,122	18,752	57,745
Earnings before extraordinary items	5,030	6,119	6,498	8,562	26,209
Net earnings	5,030	6,119	6,498	2,537	20,184
Per common share:					
Earnings before extraordinary items	0.42	0.50	0.54	0.71	2.17
Net earnings	0.42	0.50	0.54	0.21	1.67
Dividends	0.20	0.20	0.25	0.25	0.90

14. The impact of inflation (unaudited):

The selling prices of the Company's base metal mining products are generally determined by reference to world commodity prices which are traditionally cyclical. In recent years, particularly 1979, the profit margin of the Company's molybdenum operation has increased because higher molybdenum prices have more than offset the increased costs of production. Profit margins of its copper operations significantly improved in 1979 as a result of rising copper prices.

The estimated current replacement cost of the Company's buildings and equipment is much greater than the corresponding actual historical cost used in these consolidated financial statements, as a result of the impact of inflation over the period the assets have been in use. Accordingly, depreciation determined on the replacement cost would be significantly higher. On the replacement cost basis it is estimated that inventories and cost of sales, excluding depreciation, would be only moderately higher than their historical cost amounts because of the Company's rapid inventory turnover.

The Company's annual report on Form 10-K filed with the United States Securities and Exchange Commission contains certain specific information with respect to the replacement cost of inventories and buildings and equipment and the approximate effect such replacement costs would have on the computations of cost of sales and depreciation expense for the year.

15. Subsidiaries:

Subsidiaries of the Company at December 31, 1979 are as follows —

Active

Canadian Export Gas & Oil Inc.
Canadian Export Gas & Oil (U.K.) Ltd.
Cuisson Lake Mines Ltd.
Equity Silver Mines Limited*
Fox Manufacturing Company (New Zealand) Limited
Gibraltar Mines Limited
Placer Amex Inc.
Placer Austex Pty. Limited
Placer CEGO Petroleum Limited
Placer Coal Inc.
Placer Exploration Limited
Placer Holdings Pty. Limited
Placer (P.N.G.) Pty. Limited
Sociedad Placer Development y Compania Limitada

Inactive

Amex Communications Inc.
Beluga Coal Company
Canadian Exploration Limited
Canadian Export Gas & Oil Ltd.
Canex Aerial Exploration Limited
Canex Placer Limited (in voluntary liquidation)
Fox Manufacturing Company (South Africa) Pty. Limited
Fraser Lake Development Ltd.
Minera Placer Argentina S.A.M.I.C.T.y F.
Minera Placer S.A.
Placer Internationaal, B.V.
Placer Nominees Pty. Limited

**Formed by amalgamation in 1979 (Note 2).*

Auditors' Report

To the Shareholders of Placer Development Limited:

We have examined the consolidated balance sheets of Placer Development Limited as at December 31, 1979 and 1978 and the consolidated statements of earnings and earnings reinvested in the business and changes in financial position for the years then ended. Our examinations of the financial statements of Placer Development Limited and those subsidiaries and associated companies of which we are the auditors were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of other subsidiary and associated companies.

In our opinion these consolidated financial statements present fairly the financial position of the Company as at December 31, 1979 and 1978 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.
Chartered Accountants

Vancouver, B.C.
February 18, 1980

Ten Year Summary

(in thousands, except number of shareholders and employees)

Financial Data	**1979**	1978	1977
Revenues:			
Sales	**$292,941**	170,319	177,100
Interest and other income	**14,570**	8,814	7,691
	307,511	179,133	184,791
Expenses:			
Cost of sales	**113,714**	98,107	112,894
Depreciation and depletion	**14,741**	14,467	14,248
Selling, general and administrative	**15,697**	12,963	11,167
Interest and exchange loss	**9,319**	7,911	5,777
Exploration	**17,674**	12,106	9,916
	171,145	145,554	154,002
Earnings before taxes and other items	**136,366**	33,579	30,789
Income and resource taxes	**72,077**	22,230	15,560
Earnings (loss) before the following	**64,289**	11,349	15,229
Equity in after-tax earnings of associated companies	**19,641**	14,191	6,240
Minority interests in (earnings) losses of subsidiaries	**(9,402)**	669	40
Earnings before extraordinary items	**74,528**	26,209	21,509
Extraordinary items	**38,588**	(6,025)	—
Net earnings	**$113,116**	20,184	21,509
Return on shareholders' equity — %	**40.8**	8.9	10.0
Operating Data			
Placer's share of:			
Copper produced (kg contained)			
Gibraltar — 72%	**26,127**	11,755	28,342
Marcopper — 40%	**17,809**	21,610	18,895
Craigmont — 45%	**6,354**	10,694	9,698
	50,290	44,059	56,935
Molybdenum produced (kg contained)			
Endako — 100%	**2,697**	6,363	6,905
Gibraltar — 72%	**388**	93	102
	3,085	6,456	7,007
Oil and natural gas liquids produced — m^3	**230**	162	127
Natural gas produced — m^3	**270,000**	242,200	295,800
Other Data			
Working capital	**$ 50,045**	60,987	69,834
Working capital ratio	**1.5:1**	2.0:1	2.7:1
Total assets	**$549,763**	377,346	333,369
Property, plant and equipment additions	**$ 92,234**	32,819	22,248
Average shares outstanding	**12,077**	12,100	12,075
Number of shareholders	**4,908**	5,088	5,196
Geographical distribution of ownership — %			
— Canada	**76.4**	78.6	78.2
— Australasia	**12.3**	12.0	12.1
— U.S. & Other	**11.3**	9.4	9.7
	100.0	100.0	100.0
Number of employees	**2,507**	2,389	2,640
Per Common Share			
Earnings before extraordinary items	**$ 6.19**	2.17	1.78
Net earnings	**$ 9.37**	1.67	1.78
Dividends paid	**$ 1.25**	0.90	0.80
Price range on Toronto Stock Exchange — High	**$ 55**	29	23¾
— Low	**$ 25⅜**	19¼	17

1976	1975	1974	1973	1972	1971	1970
114,875	110,386	96,900	130,968	56,062	23,112	33,362
6,073	5,801	8,661	5,961	2,829	2,474	3,084
120,948	116,187	105,561	136,929	58,891	25,586	36,446
80,707	78,551	52,863	49,778	28,848	11,470	14,103
9,377	9,307	8,272	9,994	8,625	4,423	3,975
9,222	9,328	4,779	4,729	4,229	2,346	2,976
—	—	—	3,400	3,235	104	199
6,436	10,077	10,780	5,956	6,233	4,377	5,539
105,742	107,263	76,694	73,857	51,170	22,720	26,792
15,206	8,924	28,867	63,072	7,721	2,866	9,654
8,069	10,052	13,933	10,110	1,608	2,850	7,088
7,137	(1,128)	14,934	52,962	6,113	16	2,566
11,088	10,785	29,634	21,415	9,057	7,079	9,196
(265)	111	(4,959)	(15,307)	(2,623)	—	—
17,960	9,768	39,609	59,070	12,547	7,095	11,762
—	6,517	3,534	12,742	4,102	—	—
17,960	16,285	43,143	71,812	16,649	7,095	11,762
8.7	8.1	23.4	50.9	15.6	7.1	12.2
20,804	27,289	29,473	39,779	26,135	—	—
19,014	13,901	18,743	16,632	17,740	17,513	13,713
9,823	11,029	10,191	7,575	9,915	8,090	6,901
49,641	52,219	58,407	63,986	53,790	25,603	20,614
6,838	6,849	5,466	5,388	4,190	6,526	8,274
—	25	244	161	—	—	—
6,838	6,874	5,710	5,549	4,190	6,526	8,274
—	—	—	—	—	—	—
—	—	—	—	—	—	—
72,209	59,564	59,224	49,098	27,043	17,209	17,318
3.3:1	3.5:1	5.9:1	4.4:1	2.4:1	2.2:1	4.6:1
271,293	253,420	241,341	208,109	186,784	166,310	110,247
5,200	8,903	13,694	7,367	19,009	51,806	14,106
12,050	12,025	12,019	12,015	11,963	11,960	11,960
5,337	5,574	5,778	5,720	5,170	5,800	6,500
77.3	75.8	74.3	73.3	70.0	66.0	61.8
10.8	11.8	11.3	12.6	13.3	13.6	15.7
11.9	12.4	14.4	14.1	16.7	20.4	22.5
100.0	100.0	100.0	100.0	100.0	100.0	100.0
2,652	2,794	2,813	2,326	2,434	2,138	2,149
1.49	0.81	3.30	4.92	1.05	0.59	0.98
1.49	1.35	3.59	5.98	1.39	0.59	0.98
0.80	1.20	1.20	1.20	0.47	0.46	0.68
25½	22¼	25⅛	32	23	19⅜	24⅜
14¾	13¾	13¼	20⅝	12⅜	8⅞	14½

Placer Development Limited

Composition of Net Earnings Per Share

Operation	Endako	Gibraltar	Craigmont	Zinor Noranda Mattagami	Marcopper	Placer CEGO	McDermitt	Placer Exploration	Extra-ordinary items	Other*	Total
1979 — $	2.96	1.99	0.35	0.64	0.77	0.45	0.20	(0.43)	3.18	(0.74)	9.37
1978 — $	1.62	(0.14)	0.20	0.46	0.53	0.27	0.03	(0.05)	(0.50)	(0.75)	1.67

**Primarily represents other minor operations, exploration, interest and other corporate expenses.*

Share Price Range
(TORONTO STOCK EXCHANGE)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Year	
	High	Low	High	Low	High	Low	High	Low	High	Low
1979 — $	29½	26½	34⅞	25⅜	40	29¼	55	31	55	25⅜
1978 — $	23⅛	19¼	24¾	20⅜	26¼	21	29	24¾	29	19¼

Return on Shareholders' Equity — %

1979	1978	1977	1976	1975	1974	1973	1972	1971	1970
40.8	8.9	10.0	8.7	8.1	23.4	50.9	15.6	7.1	12.2

Offices

Head Office:
700 Burrard Building
1030 West Georgia Street
Vancouver, B.C., Canada V6E 3A8
Tel: (604) 682-7082 Telex: 04-55181

Sydney Office:
Gold Fields House
Sydney 2001, N.S.W., Australia

Stock Exchange Listings

Toronto Stock Exchange
Vancouver Stock Exchange
Montreal Stock Exchange
Sydney Stock Exchange
American Stock Exchange
Stock Exchange Association of New Zealand

Auditors

Price Waterhouse & Co., Chartered Accountants
Vancouver, Canada

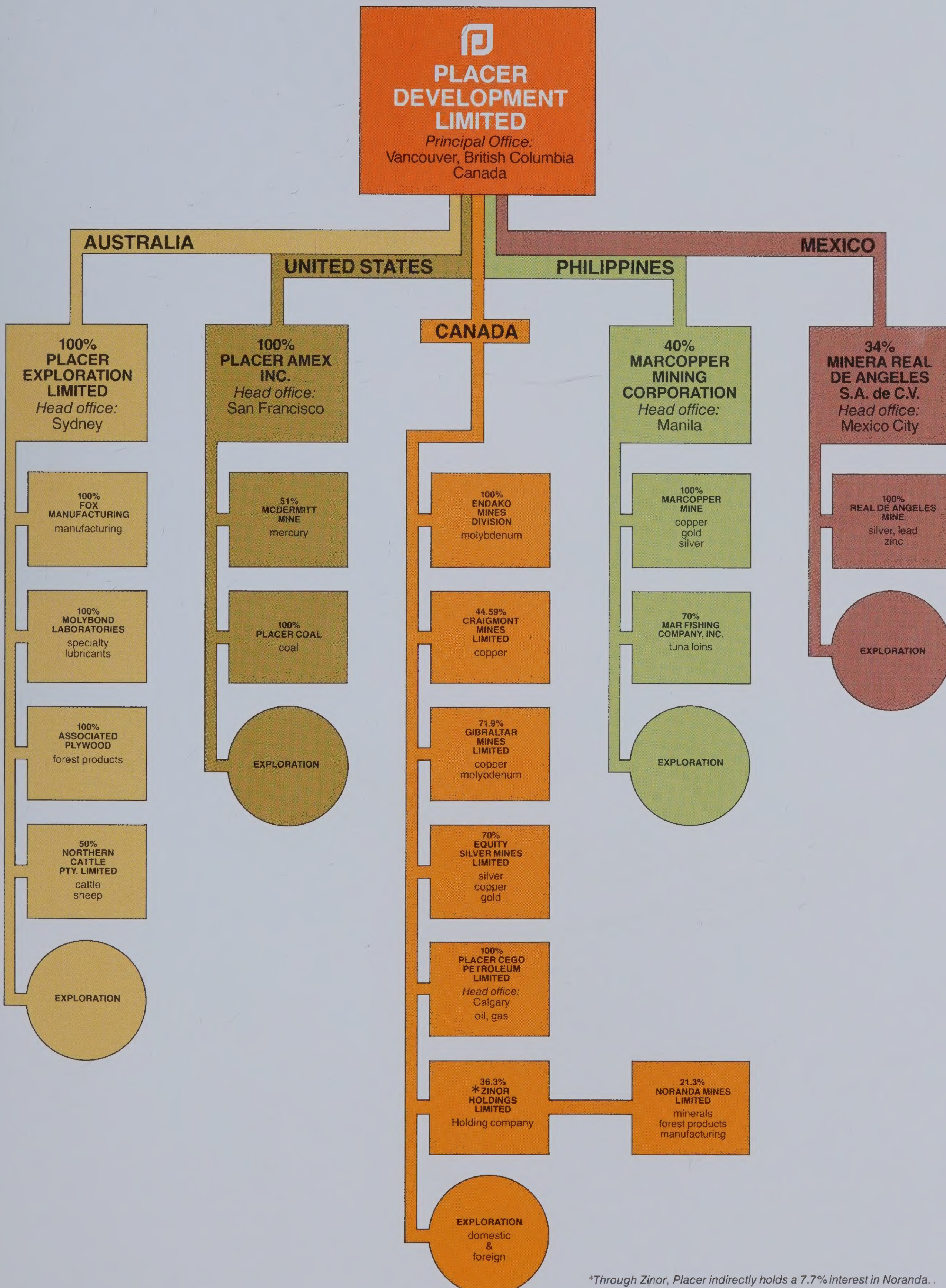
Transfer Agents and Registrars

National Trust Company, Limited
Vancouver and Calgary, Canada

Canada Permanent Trust Company,
Toronto and Montreal, Canada

Professional Share Registries
(N.S.W.) Pty. Limited, Sydney, Australia

Registrar and Transfer Company
Jersey City, N.J., U.S.A.



*Through Zinor, Placer indirectly holds a 7.7% interest in Noranda.

Placer Development Limited

700 Burrard Building, 1030 West Georgia Street, Vancouver, B.C., Canada V6E 3A8

LITHO'D IN CANADA
AGENCY PRESS LIMITED